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C O N F I D E N T I A L AMMAN 005988

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STATE FOR NEA/ELA AND NEA/REA

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TAGS: [BAID](#) [EFIN](#) [IZ](#) [JO](#)

SUBJECT: ASSISTANT SECRETARY WAYNE'S CONVERSATIONS WITH  
JORDANIAN PM BADRAN AND PLANNING MINISTER AL-ALI

REF: A. AMMAN 5887

[B](#). AMMAN 5725

[C](#). STATE 130427

Classified By: CDA DAVID HALE FOR REASONS 1.4 (B) AND (D).

[1](#)1. (C) SUMMARY: On the margins of the Donors Committee meeting of the July 18-19 International Reconstruction Fund Facility for Iraq (IRFFI), EB Assistant Secretary Wayne had conversations with Jordanian Prime Minister Adnan Badran and with Minister of Planning and International Cooperation Suhair al-Ali. Iraqi Planning Minister Barham Salih was also present during one of the discussions. Badran pressed for debt swap ceiling increases, more oil grants from Gulf neighbors, and support for major infrastructure projects such as the Red-Dead Sea water conveyance project (Ref C) and an Iraq-Jordan border facility. END SUMMARY.

PM on Debt Swap Ceiling and Oil Grants  
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[1](#)2. (C) Badran urged the USG to approach those opposed to raising Jordan's debt swap ceiling and to appeal to Saudi Arabia, Kuwait and the Gulf States to continue oil grants. He expressed appreciation for the President's efforts with Crown Prince Abdullah, but expressed his view that the Saudis had not yet been forthcoming. On oil grants in particular, Badran said the gesture of support for Jordan's reforms would carry as much weight as the support itself. He noted that Saudi Arabia's current support meets only a small percentage of Jordan's oil needs; it would take "just" one day of Saudi Arabia's income to provide a sufficient level of support. A/S Wayne stressed that the President and Secretary had already approached the Saudis, but agreed to transmit the request.

[1](#)3. (C) On debt swaps, A/S Wayne reiterated that the Deputy Secretary had told GOJ interlocutors July 10 (Ref A) that the

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USG could work to build G7 consensus, particularly urging Germany, Canada and Japan to support raising the debt swap ceiling. (NOTE: The USG itself would not participate in any debt swaps with Jordan. Congressional authority only exists to promote tropical forest conservation. END NOTE.) Al-Ali also raised Jordan's request for 80% debt reduction. A/S Wayne told her that debt forgiveness had no support among the G7 and explained that U.S. budget rules dictate that it would cost the USG almost 100 percent of any dollar spent to forgive Jordan's debt. Minister al-Ali said Jordan would prefer increased ESF in that case.

Red-Dead and Iraq-Jordan Border Facility  
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[1](#)4. (C) Badran also highlighted two development projects. He went into great detail on the proposed Red Sea - Dead Sea water conveyance project (Ref C), which he wants to move forward to spur development along the project route. He said he believes the project could be designed so it would not change the salinity and spoil the Dead Sea. He said the World Bank would do a feasibility study. In the presence of Iraqi Minister Salih, Badran highlighted his desire to upgrade the Iraq-Jordan border area to speed the flow of trucks. Al-Ali and Salih said they had discussed the possibility of a free trade area near the border and a link to Jordan's Qualifying Industrial Zones (QIZs). Further developing the existing route to Aqaba port would come later. A/S Wayne noted that linking free zones to the QIZs would require Israeli content and U.S. legislation.

Reform Government, Fuel Price Increases Accepted  
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[1](#)5. (C) Badran said he was hopeful that his government would have at least a year to pursue reforms after winning a vote of confidence. (NOTE: On July 21, the vote of confidence in the government passed by a vote of 66-37. END NOTE.). However, he and al-Ali complained of the Parliamentarians' unjustified criticism. The detractors claimed they want to

care for the poor and that Badran's government was for the rich, but they offered no good alternatives. Badran, al-Ali (and Finance Minister al-Kodah) all expressed pleasure that the Jordanians had accepted the first fuel price increases without protest, which they said they hoped reflected some grasp of Jordan's poor financial straits.

16. (U) A/S Wayne cleared this message.  
HALE